

TOWN OF DAVIE

TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: Kenneth Cohen, Acting Town Administrator

PREPARED BY: Barbara McDaniel, MMC, Assistant Town Clerk

SUBJECT: Resolution

AFFECTED DISTRICT: Townwide

TITLE OF AGENDA ITEM: A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, DISCONTINUING THE PROCESS OF ACQUIRING THAT PORTION OF THE SUNRISE WATER SYSTEM LOCATED IN THE TOWN OF DAVIE.

REPORT IN BRIEF: On January 12, 2006, a Council held a workshop to discuss acquiring the portion of the City of Sunrise water system located in the Town of Davie. Council directed staff to prepare a resolution formally announcing its intent to stop the process of trying to purchase the water system.

PREVIOUS ACTIONS: Town Council tabled the item to February 15, 2006 on February 1, 2006. On February 15, 2006 the Town Council tabled the item to March 1, 2006.

CONCURRENCES: n/a

FISCAL IMPACT: n/a

RECOMMENDATION(S): Motion to approve the resolution

Attachment(s): Resolution

RESOLUTION _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, DISCONTINUING THE PROCESS OF ACQUIRING THAT PORTION OF THE SUNRISE WATER SYSTEM LOCATED IN THE TOWN OF DAVIE.

WHEREAS, for a number of years, the Town of Davie's western residents have complained about the poor water quality and water pressure provided by the City of Sunrise; and

WHEREAS, the City of Sunrise has recently upgraded their facility and since then, the Town has not received any complaints; and

WHEREAS, the Town wishes to announce its intent to stop the process of trying to acquire the water system servicing Davie residents.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council hereby announces its intent to stop the process of trying to acquire the water system.

SECTION 2. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2006

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2006

EXECUTIVE SUMMARY

The City of Sunrise Utility Department provides water and sewer service to western areas of the Town. We have investigated the possibility of the Town acquiring this service area and providing utility service to those customers currently served by Sunrise.

The Town of Davie previously had concerns that the rates charged Davie residents served by Sunrise Utilities were higher than those charged customers in the Town's service area, due to the 25% surcharge placed by Sunrise on the rates, and investigated ways to try and lower them. Due to the interpretation of legal terms in the original agreement between the Town and the City, the Town reduced its utility rates by 28% prior to the 2000 agreement with Sunrise to try and force Sunrise to lower its rates to Davie Customers. An agreement was reached in 2000 (Town Resolution No. R-2000-165) which took effect August 1, 2000 and continues until August 1, 2006, and moneys were refunded to the Town's customers served by Sunrise. This agreement froze the rates for both utilities.

We estimated the rates in the Sunrise service area if the Town were to acquire the Sunrise utilities by obtaining pipelines, storage tanks and pumping stations from Sunrise and constructing and operating new Water and Wastewater Treatment Plants. Our estimate of the new rates would be \$91 per month based on 10,000 gal water/sewer usage. This is greater than a 30% rise in rates and would likely be the least amount the costs would rise. Current Sunrise rates, including the 25% surcharge, are approximately \$68 per month based on the same 10,000 gallon usage.

If the Town were to obtain Sunrise's infrastructure through outright purchase or condemnation and build the infrastructure to supply utility services, we estimate the rates would increase due to the costs associated with infrastructure purchase, legal fees and engineering study costs. In addition, the Town would be responsible for assuming costs of the Sunrise bond debt and the future revenues and earnings they would have generated from the system. The Sunrise system is highly interconnected further increasing the purchase costs.

Condemnation of the Sunrise Utility infrastructure is a very complicated process. A detailed engineering study must be performed and a legal opinion obtained. The cost to the General Fund to perform these studies is expected to be in excess of \$300,000. The time to resolve any condemnation action is expected to take between four and six years. Any time required to construct new facilities to serve these customers would be in addition to this time. Condemnation would involve the Town of Davie condemning those portions of the utility system of the City of Sunrise which are located within

the geographic boundary of the Town of Davie. The Town would then need to construct additional infrastructure to provide utilities to these customers using the condemned transmission lines and pumping facilities.

The attached table summarizes the current flows, buildout flows and estimated number of customers. The table also presents the total cost to provide service, the cost to provide service per customer, current rates for the Town, Sunrise and adjacent utility providers for comparison, and estimated rates if the acquisition of the Sunrise utilities were to proceed.

Davie/Sunrise Service Area Utility Options

Provider	Current Flow (mgd)	Calculated Population Equivalent	Estimated Buildout Flow (mgd)	Calculated Population Equivalent
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Water

Sunrise	5.7	57,000	7.6	76,000
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Wastewater

Sunrise	3.88	38,800	5.6	56,000
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assumptions: 100 gpcd

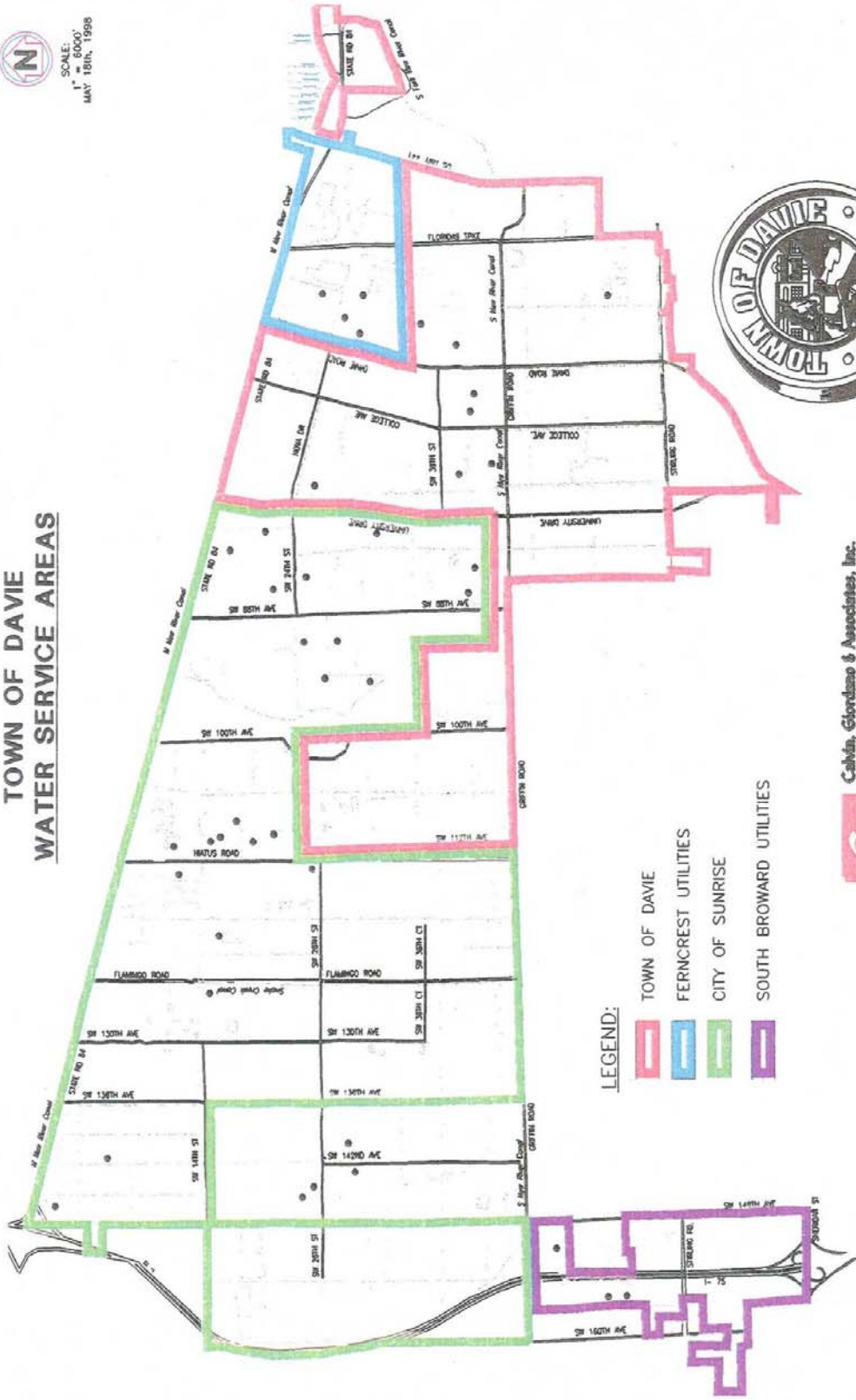
Provider	Estimated ERC's (Avg. W&S)	Cost to Provide Service	Cost per ERC	New Davie Rates (TOD utility dept. est.)	Current Provider Rates
Sunrise	16,500	\$138,440,808	\$8,390	\$91	\$67.75
Davie		n/a			\$50.59
Broward County		n/a			\$65.52
Ft. Lauderdale		n/a			\$51.79

assumptions: Provider Utility Rates based on 10,000 gallons/month
 Cost to provide service = system value plus improvements and financing (2008 costs)
 Sunrise Current Provider Rates include 25% surcharge – Cost without surcharge would be \$54.20
 Davie rate is with 28% reduction enacted prior to 2000
 ERC = 1 household of 3.5 persons



SCALE:
1" = 8000'
MAY 18th, 1998

TOWN OF DAVIE WATER SERVICE AREAS



LEGEND:

TOWN OF DAVIE

FERNCREST UTILITIES

CITY OF SUNRISE

SOUTH BROWARD UTILITIES



Cabin, Giordano & Associates, Inc.
Engineers Surveyors Planners

2 Oakwood Boulevard, Suite 120
Hollywood, Florida 33020
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